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# BELL KNIT INDUSTRIES LIMITED

## *annual report*

FOR THE PERIOD FROM JUNE 1, 1964 TO DECEMBER 31, 1964

# BELL KNIT INDUSTRIES LIMITED

## *Board of Directors*

S. B. ROTMAN

J. HANSER

J. W. ROTMAN

S. ROTSTEIN

M. HANSER

W. J. LEGGAT

S. GOODMAN

A. R. MacKAY

C. K. OVERLAND

## *Officers*

S. B. ROTMAN - - - - - *Chairman of the Board of Directors*

J. W. ROTMAN - - - - - *President*

W. J. LEGGAT - - - - - *Secretary*

## *Auditors*

MESSRS. GREENWOOD, LIPTON & COMPANY,

215 Victoria Street, Toronto

## *Transfer Agent and Registrar*

THE CANADA TRUST COMPANY,

33 Adelaide Street West, Toronto

## *Legal Counsel*

MESSRS. McDONALD, DAVIES & WARD,

4 King Street West, Toronto

# BELL KNIT INDUSTRIES LIMITED

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## *Report of the Directors to the Shareholders*

Your directors take pleasure in presenting their first report following the corporate reorganization of your Company. As the attached financial statements indicate the first seven months of operations have been profitable and although adverse weather conditions have had a depressing effect on earnings during the first quarter of 1965 we anticipate a further improvement in the Company's profit picture during the current fiscal year.

The Company is not liable for income taxes in respect of the 1964 earnings because of accumulated tax losses which are being carried forward from prior years. By reason of such accumulated tax losses it is unlikely that the Company will be liable for income taxes in respect of projected 1965 earnings.

You are advised that during September, 1964 management received appraisals which valued the Company's machinery and equipment at \$1,298,772 (net book value \$274,509) and the Company's land and buildings at \$773,000 (net book value \$399,650).

As you may be aware your Company has been engaged in the textile business for over 50 years and is one of the few complete process textile manufacturers in Canada. The Company produces textile products from synthetic and natural fibres and its operations include the production of yarn, product design and the knitting, dyeing and packaging of a full range of sweaters, knitted fabrics, lingerie and sleepwear. The Company also produces stretch and texturized yarns under the trade name Bell-Lon which are used in many of the Company's knitted products.

The Company has discontinued the production of hosiery which has proved to be an unprofitable operation and is concentrating its efforts in the areas of knitted goods, lingerie and yarns.

We trust that the above information as to our operations will be of interest and you are cordially invited to attend the annual meeting of shareholders in person. Should you be unable to attend the meeting your return of one of the enclosed forms of proxy will ensure your representation.

On behalf of the Board of Directors

S. B. ROTMAN  
Chairman

J. W. ROTMAN  
President



## BELL KNIT IND

(Incorporated Under

Bal

As at De

## Assets

## CURRENT:

Cash on Hand and in Bank - - - - -	\$ 8,102.29	
Accounts Receivable - - - - -	\$189,912.82	
Less: Allowance for Doubtful Accounts - - - - -	2,088.34	187,824.48
Merchandise Inventory—At Lower of Cost or Net Realizable Value, Less Normal Profit Margin - - - - -		599,658.72
Mortgages Receivable—Current Portion - - - - -		11,018.90
Notes Receivable—Current Portion - - - - -		23,020.00
Sundry Assets - - - - -	3,971.30	\$ 833,595.69

## INVESTMENT IN WHOLLY-OWNED SUBSIDIARY:

Bell Knitting Mills (1964) Limited—At Cost—(Note 1) - - - - -	722,200.00
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## FIXED:

	Cost	Accumulated Depreciation	Net Book Value
Land - - - - -	\$ 80,000.00		\$ 80,000.00
Buildings - - - - -	319,650.00		319,650.00
Machinery and Equipment - - - - -	510,614.21	\$236,104.42	274,509.79
Automobiles and Trucks - - - - -	9,832.43		9,832.43
Leasehold Improvements - - - - -	6,030.70	714.44	5,316.26
	<u>\$926,127.34</u>	<u>\$ 236,818.86</u>	689,308.48

## OTHER:

Notes Receivable—(Less: Current Portion) - - - - -	12,000.00	
Mortgages Receivable—(Less: Current Portion) - - - - -	49,081.17	
Patents and Trade Marks - - - - -	965.00	62,046.17
TOTAL ASSETS - - - - -		<u>2,307,150.34</u>

# STRIES LIMITED

Companies Act—Canada)

## Sheet

er 31, 1964

### Liabilities

#### CURRENT:

Bank Indebtedness—(Note 2) - - - - -	\$614,900.00
Accounts Payable and Accrued Liabilities - - - - -	127,249.01
Federal and Provincial Taxes Payable - - - - -	563.22
Shareholders' Accounts - - - - -	14,623.04
	<u>757,335.27</u>

#### DEFERRED:

Note Payable—Bell Knitting Mills (1964) Limited— (Note 3) - - - - -	\$459,647.32	
Debentures Payable—(Note 4) - - - - -	94,000.00	553,647.32
TOTAL LIABILITIES - - - - -		<u>\$1,310,982.59</u>
SHAREHOLDERS' EQUITY - - - - -		<u>\$ 996,167.75</u>

The accompanying Notes form an Integral part of this Statement.

Approved on Behalf of the Board of Directors:

(Signed) J. ROTMAN, Director

(Signed) WM. LEGGAT, Director

This is the Balance Sheet referred to in our Report to the Shareholders dated February 19, 1965.

GREENWOOD, LIPTON & COMPANY  
Chartered Accountants

# BELL KNIT INDUSTRIES LIMITED

## *Statement of Shareholders' Equity*

For Period from June 1, 1964 to December 31, 1964

### CAPITAL STOCK

#### *Authorized:*

1,250,000 Common Shares—No Par Value

#### *Issued and Fully Paid:*

587,189 Common Shares	- - - - -	\$922,695.00
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### ACCUMULATED EARNINGS

Net Profit for Period	- - - - -	\$138,927.23
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Less: Deficit, June 1, 1964	- - - - -	\$ 51,495.46
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Loss on Sale of Land and Buildings	- - - - -	13,959.02	65,454.48
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Balance—December 31, 1964	- - - - -		73,472.75
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SHAREHOLDERS' EQUITY—December 31, 1964	- - - - -		\$996,167.75
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## *Statement of Profit and Loss*

For Period from June 1, 1964 to December 31, 1964

Net Operating Profit before Debenture Interest	- - - - -	\$142,765.23
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Less: Debenture Interest	- - - - -	3,838.00
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Net Profit—Transferred to Accumulated Earnings	- - - - -	\$138,927.23
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# BELL KNIT INDUSTRIES LIMITED

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## *Notes to the Financial Statements*

For the Period from June 1, 1964 to December 31, 1964

1. INVESTMENT IN WHOLLY-OWNED SUBSIDIARY

The Assets of the Subsidiary are as follows:

—Note Receivable—Bell Knit Industries Limited.....	\$459,647.32
—6,750 Shares of Bell Knit Industries Limited—At Cost.....	99,900.00
	<u>\$559,547.32</u>

There are no Liabilities.

2. BANK INDEBTEDNESS

The Bank Indebtedness is secured by—

(a) Assignment of Book Debts.

(b) Assignment of Inventory Under Section 88 of the Bank Act.

3. NOTE PAYABLE

The Note Payable is an unsecured Note, without interest, Due on May 29, 1969.

4. DEBENTURE PAYABLE

The 7% Debenture Payable, Due May 29, 1969 is secured by a First Mortgage on the Company's Property located at 89 and 91 Tycos Drive, Toronto. Under the Terms of the Debenture, No Principal Payments are due until Maturity, but the Company has the Option, on 30 Days' Notice, to repay the whole or any part thereof.

5. DEPRECIATION

The Operations have not been charged with Depreciation for the Period under Review.

6. PROVISION FOR INCOME TAXES

No Provision for Income Taxes was made at December 31, 1964 because of accumulated Tax Losses carried forward from prior years.

## *Auditors' Report*

To Shareholders,

BELL KNIT INDUSTRIES LIMITED.

We have examined the Balance Sheet of Bell Knit Industries Limited as at December 31, 1964 and the related Statements of Profit and Loss and Shareholders' Equity for the Period from June 1, 1964 to December 31, 1964 and have obtained all the information and explanations we have required. We have made a general review of the Accounting Procedures and have made such tests of the Accounting Records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying Balance Sheet and Statements of Profit and Loss and Shareholders' Equity, present fairly the Financial position of the Company as at December 31, 1964 and the result of its operations for the period under review in accordance with generally accepted Accounting Principles applied on a basis consistent with that of the preceding period, except that no charge for Depreciation was made in either period.

Toronto, Ontario  
February 19, 1965.

GREENWOOD, LIPTON & COMPANY,  
Chartered Accountants.

